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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)							DATE February 2000	
APPROPRIATION/BUDGET ACTIVITY RESEARCH, DEVELOPMENT, TEST & EVALUATION, DEFENSE-WIDE, BUDGET ACTIVITY 6				R-1 ITEM NOMENCLATURE SBIR PE 0605502D8Z				
COST (In Millions)	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	Cost to Complete	Total Cost
Total Program Element (PE) Cost	16.626	25.755	*	*	*	*	continuing	cont.
SBIR Administration No. P-518	16.626	25.755	*	*	*	*	continuing	cont.

*2.5 percent of extramural RDT&E funds appropriated to the Office of the Secretary of Defense (OSD)

A. Mission Description and Budget Item Justification

BRIEF DESCRIPTION OF ELEMENT: US Code Title 15, originally passed in 1983, requires the DoD to establish a Small Business Innovation Research (SBIR) program, funded by allocating 2.5 percent of their extramural RDT&E budgets, for mission-oriented R&D projects at small technology companies. The program has broad bipartisan backing in Congress, based on DoD's recent finding that "SBIR-developed technologies have resulted in significant improvements in U.S. military capabilities and major savings to the taxpayer," as well as highly favorable reviews of the program by the GAO (1989, 1992, 1996, 1997, 1999) and the National Academy of Sciences (1999).

This program element funds OSD's portion of the DoD SBIR program. It represents 2.5 percent of the extramural RDT&E funds appropriated to OSD, and it funds R&D projects recommended and executed by the Service laboratories, with overall management oversight by OSD.

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PROGRAM ACCOMPLISHMENT AND PLANS:

FY 1999-2004: This program element funds early-stage R&D projects at small technology companies, in accord with the requirements of Public Law 102-564. The FY99 technology focus areas are: Army Research Laboratory Sensors/ Electronic Devices (including intersensor networks); Army Research Institute Human Systems (Cognitive Readiness); Naval Sea Systems Command Modeling and Simulation (Condition Based Maintenance Technology); and Air Force Research Laboratory Electronics. The technology focus areas planned for FY00 are: Cognitive Readiness and Smart Sensor Web technology.

B. Program Change Summary

FY 1999 funding for this program element was \$ 16.626 million, which represents 2.5 percent of extramural RDT&E funds appropriated to OSD in FY 1999. Funding for FY 2000 through FY 2004 will be 2.5 percent of extramural RDT&E, in accord with Public Law 102-564. In FY 2000, \$5 million was added to the \$20.755 million which is derived from 2.5 percent of extramural RDT&E. This addition is a congressional special interest program "only for a technology insertion program, to be carried out by a federally funded research and development center and other units it affiliates with, to demonstrate the cost saving and efficiency benefits of applying commercially available software and information technology to the manufacturing lines of small defense firms." This is planned as a one-time addition, without continuing funds beyond FY 2000.

C. Other Program Funding Summary: N/A

D. Schedule Profile N/A

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